

TITLE 25. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)

NOTICE OF PROPOSED RULEMAKING: MOBILEHOME PARK RESIDENT OWNERSHIP PROGRAM (MPROP)

Notice is hereby given that the Department of Housing and Community Development (HCD) proposes to amend the regulations of the Mobilehome Park Resident Ownership Program (MPROP).

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments to HCD relevant to the proposed regulatory action. The written comment period begins on January 7, 2005 and closes at 5:00 p.m. on February 21, 2005. HCD will consider comments received during this timeframe. No public hearing is currently scheduled; however, if there is sufficient interest in holding a public hearing, a hearing may be scheduled no later than 15 days prior to the close of the written comment period. A request for a public hearing should be made in writing to the contact person listed below.

AUTHORITY AND REFERENCE

HCD is conducting this rulemaking activity under the authority provided by Health and Safety Code (H&S) sections 50406(n) and 50786. These regulations implement, interpret, and make specific Chapter 11 of Part 2 of Division 31 of the Health and Safety Code, containing sections 50780 – 50786.5.

INFORMATIVE DIGEST

MPROP was established by legislation in 1984. The program provides loans to facilitate the conversion of mobilehome parks to ownership by resident organizations, nonprofit entities and local government agencies, and to help lower income park residents purchase their spaces in parks converted to resident ownership. MPROP helps to maintain housing costs for lower income park residents at affordable levels, and protects park residents from physical and economic displacement that can be caused by the resale of parks for commercial reasons or by the conversion of parks to other land uses.

MPROP statutes have been amended nine times since their original enactment. The program's regulations were initially adopted in 1985, and were not amended until 2000/2001, when they were substantially revised and updated to bring them into conformance with the revised statutes. The regulatory definition of "rural area," however, has not been amended since the original adoption of the regulations. The limitation of MPROP to a competitive periodic application and award process has also been a feature of the program since its origination.

There are no comparable federal regulations or federal laws that match or compare with the existing MPROP program as provided by existing state law.

IMPACT OF PROPOSED REGULATIONS

The MPROP regulatory definition of “rural area” will be amended by switching from the statutory definition of the term that the regulations currently adopt by reference (H&S section 50101), to an alternative statutory definition (H&S section 50199.21). The effect of the change will be to increase the number of places that can be considered rural, as the alternative definition allows for a larger population. This will increase the number of places that can apply for the 20 percent of MPROP funds set aside for rural areas, and reflect the real-world effects of California’s rapid population growth over the period of MPROP’s existence.

The change will make MPROP consistent in this respect with other HCD loan and grant programs, including the Predevelopment Loan Program (PDLP), the Multifamily Housing Program (MHP), the Joe Serna, Jr. Farmworker Housing Grant Program (JSJFWHG), the HOME program and the CalHome program, that have adopted the same definition of “rural area.” It will also make these programs more consistent with the federal Low Income Housing Tax Credit Program, which uses the same definition. This consistency will facilitate the financing of affordable housing projects that typically must pursue funding from more than one source.

MPROP currently makes loans through a competitive process. Each Request for Proposals (RFP) includes a deadline date to submit applications. Applications are collected and held until the deadline, and then reviewed and compared in an intensive rating and ranking process. This amendment will authorize MPROP to also make loans through an “over-the-counter” continuous process, in which valid applications are evaluated when received, according to the program’s threshold criteria, and funded one at a time as, and if, they qualify. This change will mean quicker responses to applications, helping applicants to meet their many other deadlines, and will allow the reduced MPROP program staff to spread their workload more evenly.

EFFECT ON SMALL BUSINESS

The proposed regulations do not adversely affect small business. They offer, but do not mandate, positive effects in the form of low interest loans for the preservation of affordable housing in mobilehome parks. The only business impact of the program is on those entities, including park resident organizations, public agencies and nonprofit corporations, that choose to apply for MPROP loans. Principal beneficiaries are the residents of mobilehome parks that receive MPROP loans, whether made to the park ownership or to individual residents. Applicants benefit from the below-market interest rate offered by the program, and participation in MPROP is voluntary.

LOCAL MANDATE

The proposed regulatory activity will not impose a mandate on local agencies or school districts. Local agencies are eligible for the program, but are not required to participate. It is not anticipated that school districts will be part of this applicant pool. In any case, participation in the program is voluntary.

FISCAL IMPACT

This regulatory activity does not impose any cost on any local agency or school district that is required to be reimbursed under Part 7 (commencing with sec. 17500) of Division 4 of the Government Code; neither does the regulatory activity result in any other nondiscretionary cost or savings imposed on local agencies or in any cost or savings to any state agency (other than the department) or in federal funding to the state. Public entities, including local governments, are eligible to apply for direct loans. However, participation is voluntary, not mandatory. The program was originally funded from the General Fund, and now utilizes repayments of past loans into the program's special fund. There is no impact on federal funding to the state.

Since MPROP already exists, there will be only a minor fiscal impact to the State. Program workload capacity will be limited by current staff resources, which are not expected to change in the foreseeable future. These amendments do not mandate any increased costs, and among other benefits will even out the program's workload distribution over time. It is anticipated that HCD will limit any additional costs within existing budgets and resources.

EFFECT ON HOUSING COSTS

This regulatory activity will lower the administrative cost to applicants of preserving affordable mobilehome parks by speeding up the processing of applications for MPROP funds. By spreading the processing of applications over time, it will increase the number of applications that can be handled by current reduced program staff. The change in the definition of "rural area" will improve the efficiency of fund use by correcting an accumulated imbalance in the numbers of urban and rural applicants, which has resulted in occasional shortages of qualified applicants from rural areas for the 20 percent MPROP rural set-aside.

SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

HCD has determined that the regulations will not have a significant adverse economic impact on business, including the ability of California businesses to compete with businesses in other states.

ASSESSMENT STATEMENT

HCD has determined that the regulations will not significantly affect the creation or elimination of jobs in California; the creation of new businesses or the elimination of existing businesses within California; or the expansion of businesses currently operating in California. In any case, participation in the program is voluntary.

STATEMENT OF POTENTIAL COSTS IMPACT ON PRIVATE PERSONS AND BUSINESS DIRECTLY AFFECTED

None. While private businesses (resident organizations and nonprofits) are eligible to receive program funds under the program, participation is voluntary. The proposed changes will not have a significant adverse economic impact on any business, including the ability of California businesses to compete with businesses in other states.

ALTERNATIVES

HCD has determined that no alternative considered would be more effective in carrying out the purpose for which the actions are proposed. A determination has been made that no alternatives are as effective and less burdensome to affected private persons than the proposed action.

AVAILABILITY OF TEXT OF PROPOSED REGULATIONS AND STATEMENT OF REASONS

The text of the proposed regulations is available upon request, along with the Initial Statement of Reasons (ISOR) prepared by HCD, which provides the reasons for the proposed amendments. All information HCD is considering as a basis for this proposal is maintained in a rulemaking file, which is available for inspection at the address noted below. Copies can be obtained by contacting Linda Ng at (916) 322-1949 or Lng@hcd.ca.gov.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

Following the written comment period, HCD may adopt the proposed amendments substantially as described in this notice. If HCD makes modifications which are sufficiently related to the originally proposed text, it will make the modified text--with changes clearly indicated--available to the public for at least 15 days before it adopts the regulations as revised. Please send requests for copies of any modified regulations to the attention of Linda Ng at the address indicated below. HCD will accept written comments on the modified regulations for 15 days after the date on which they are made available.

CONTACT PERSON

HCD invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period. Address inquiries concerning the substance of the proposed rulemaking action and any requests for the documents noted above to:

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